

庫務局局長
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中區政府合署

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8 March 2002

The Hon Lee Cheuk-yan
Legislative Council
Legislative Council Building
8 Jackson Road
Hong Kong

Dear Mr Lee,

At the special meeting of the LegCo Panel of Financial Affairs on 1 March, you asked about the number of new taxpayers that could be brought into the tax net should it be decided that the level of personal allowances under salaries tax be reduced.

The actual number of new taxpayers will depend on the prevailing number of employees and the wage level. Using data derived from the 1999-2000 years of assessment, the Inland Revenue Department estimated that against the 1.2 million salaries tax-payers in that years, 120 000 new taxpayers would be added to the tax net should there be a 10% reduction of the personal allowances. The number of estimated new taxpayers would be 360 000 and 1 million respectively if the personal allowances are reduced by 25% and 50% respectively.

Please do not hesitate to let me know if you require any further information

Yours sincerely

(Miss Denise Yue)
Secretary for the Treasury

cc Mr Moses Cheng, JP
Clerk to the LegCo Panel on Financial Affairs